

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2138 - SB 2123

March 3, 2020

**SUMMARY OF ORIGINAL BILL:** Requires the Division of TennCare (Division) to provide notice to the Chairs of the Health and Welfare Committee of the Senate and the Health Committee of the House of Representatives prior to making reduced payments on a pro rata basis so as not to exceed the amounts held in the Nursing Home Assessment Trust Fund.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (015517):** Deletes all language after the enacting clause. Extends the annual nursing home assessment for FY20-21.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue - \$134,605,900/FY20-21/**

**Nursing Home Assessment Trust Fund**

**Increase State Expenditures - \$134,605,900/FY20-21/**

**Nursing Home Assessment Trust Fund**

**Increase Federal Expenditures - \$259,878,400/FY20-21/**

**Nursing Home Assessment Trust Fund**

**Revenue recognition in the amount of \$128,171,600 is included in the Governor's proposed budget (Page A-34) for FY20-21. Corresponding non-recurring appropriations in the amount of \$375,627,400 (\$128,171,600 in state funds and \$247,455,800 in federal matching funds) are also included.**

Assumptions for the bill as amended:

- Based on information provided by the Division of TennCare (Division), the assessment on nursing homes will result in a one-time increase in state revenue to the Nursing Home Assessment Trust Fund of \$134,605,938 in FY20-21.

- Medicaid expenditures receive matching funds at a rate of 65.878 percent federal funds to 34.122 percent state funds.
- The \$134,605,938 will be expended at a state rate of approximately 34.122 percent; thus prompting a one-time increase in federal expenditures at a federal match rate of approximately 65.878 percent equating to \$259,878,377 [ $(\$134,605,938 / 34.122\%) \times 65.878\%$ ].
- These funds will be placed in the Nursing Home Assessment Trust Fund instead of the General Fund, but will continue to be spent to reimburse nursing homes.
- The total increase to the Nursing Home Assessment Trust Fund in FY20-21 is approximately \$394,484,315 ( $\$134,605,938 + \$259,878,377$ ).

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Increase Business Revenue - \$394,484,300/FY20-21**

**Increase Business Expenditures – \$134,605,900/FY20-21**

**Jobs Impact – Not Significant**

Assumptions for the bill as amended:

- Nursing home providers will incur a one-time increase in federal revenue in FY20-21 to cover costs of services provided.
- Nursing home providers will incur an increase in expenditures in FY20-21 for funding the state portion of the Act.
- The proposed legislation will not increase the number of nursing home providers. It merely deals with the way providers are reimbursed; therefore, any impact to jobs in Tennessee is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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